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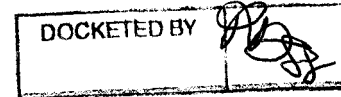
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AZ CORP COMMISSION
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Arizona Corporation Commission

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JAN 19 2012



January 19, 2012

Chairman and Commissioners
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

**Re: Consumer comments in favor of decoupling, energy efficiency and solar energy, APS rate case,
E-01345A-11-0224**

Dear Chairman Pierce and Commissioners:

I am submitting written public comments on the Arizona Public Service (APS) rate case on behalf of the Sierra Club's Grand Canyon (Arizona) Chapter and our 12,000 members, many of whom are APS customers.

The Sierra Club's mission is "to explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; and to educate and enlist humanity to protect and restore the quality of the natural and human environments." The Sierra Club and our members have a significant interest in this rate case as promoting energy efficiency and renewable energy are top priorities for our chapter and for our organization overall.

We strongly urge the Commission to support the adoption of increased energy efficiency, a full decoupling program, and to maintain strong support for solar roof-tops in the APS rate case.

Energy efficiency, as the least cost energy resource, should be strongly supported by the Arizona Corporation Commission in any rate case decision. Energy efficiency not only saves individual rate payers who take advantage of energy efficiency programs, but it saves all ratepayers relative to future costs associated with building additional power plants.

Reduced power generation associated with energy efficiency measures will result in a decrease of a number of pollutants including carbon dioxide (a greenhouse gas), nitrogen oxides, sulfur dioxide, mercury and other pollutants. This will reduce the public health impacts related to emissions of particulate matter and mercury, and also reduce our contribution to global climate change.

The energy efficiency measures associated with the rate case must be cost effective and will result in saving ratepayers money by lowering their overall bills for electricity.



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When setting rates the Commission should take into account the policies it has adopted. The current methodology for setting rates doesn't do this. It relies on a historic test year that looks to the past to come up with a forecast of energy sales. This methodology ignores known Commission policies which shape the future, such as the Electric Energy Efficiency Standard. Thus, the Commission knowingly sets rates according to a false premise.

The proposed Settlement Agreement includes a rate case moratorium that would last for four years. During the Tucson Electric Power Company proceedings last week, a similar moratorium has been cited by the company as an obstacle to achieving its energy efficiency requirements Commission and lowering total costs for customers. Given all of the economic uncertainty over the next few years, the Commission should be very careful about enacting moratoria, especially if they subject consumers to higher future costs.

As noted above, the Commission must consider the policies it has adopted in setting rates. Our current system isn't working for ratepayers who are interested in conserving energy and lowering utility bills. It rewards utilities for selling us more electricity than we really need. This results in wasteful energy use that drives up bills. A full decoupling program will reduce the utility financial disincentives for investing more in energy efficiency programs.

The energy saving conservation programs funded through the APS programs will help ratepayers lower their bills by providing a variety of services. They can have a professional come to their home and evaluate its efficiency, plus patch leaks, change air filters, program thermostats and otherwise make homes more efficient and less drafty. This can help keep rates lower over the long run, because as APS maximizes efficiency measures, it will have to build fewer new power plants, which is one of the most expensive items on our utility bills.

I support strong and consistent investment in solar energy in Arizona as well and I am concerned about the potential for undermining this important market via this rate case. Please ensure continued support for this important investment in Arizona's energy future and foster the development of a world-class solar industry in our state.

Solar energy installations and manufacturing are critical components to a recovering economy and help attract investment and innovation. This brings new products to the market and lowers the cost of solar energy - creating jobs and making solar more affordable for us all. I do not support imposing more fees on those who have stepped up to install solar roof-tops as all ratepayers realize the benefits of these installations, including the reduced emissions from generating electricity from solar versus a dirty coal plant.

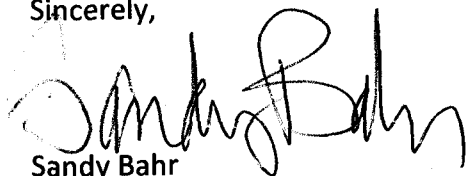
Finally, we want to express concerns about returning to a policy of subsidizing sprawl development, but offering free utility line extensions. The Commission was wise to end this policy and efforts here to take a step backward are troubling. We encourage you to re-evaluate this policy and whether it serves the best interest of APS ratepayers or the greater public.

Please support the energy efficiency measures and full decoupling provisions, plus maintain strong support for solar roof-top programs relative to the proposed APS rate increase. This will encourage

energy saving programs now and in the future, reduce the use of a fossil fuel, and reduce pollution and harmful greenhouse gas emissions.

Thank you for considering my comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandy Bahr". The signature is fluid and cursive, with the first name "Sandy" and last name "Bahr" clearly distinguishable.

Sandy Bahr

Director

Sierra Club – Grand Canyon Chapter